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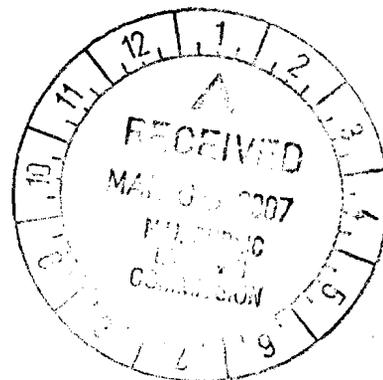
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March 5, 2007



Ms. Debra A. Howland  
Executive Director  
New Hampshire Public Utilities Commission  
21 South Fruit Street, Suite 10  
Concord, New Hampshire 03301-2429

Re: Docket No. DT 07-011  
Verizon New Hampshire  
Transfer of NH Wireline Operations to FairPoint Communications

Dear Ms. Howland:

On February 27, 2007, a prehearing conference was held in Docket No. DT 07-011, followed by a technical session. Please treat this letter as Staff's report of the technical session.

Participating in the technical session along with Staff were representatives of:

- Verizon New Hampshire
- BayRing Communications
- DSCI Corporation
- Otel Telekom
- Dunbarton Telephone
- Unutil Energy Systems
- National Grid
- New Hampshire Telephone Association
- New Hampshire Internet Service Providers Association
- New England Cable and Telecommunications Association
- the municipalities of Hanover, Newmarket, Raymond, Salem, Seabrook, and Keene;
- the Communication Workers of America (CWA), International Brotherhood of Electric Workers (IBEW) Locals 2320, 2326, and 2327, and IBEW System Council T-6 labor intervenors;
- New Hampshire Legal Assistance
- FairPoint Communications
- segTEL
- Covad Communications
- Comcast Telephone
- Granite State Telephone
- PSNH
- Office of the Consumer Advocate (OCA).

Participants agreed to the following:

- To divide issues into 5 categories for purposes of discovery [see attached];
- To a procedural schedule that includes rolling discovery timelines covering the 5 categories of issues [see attached];
- To request a waiver of PUC rules regarding timelines for discovery disputes;
- To request the appointment of a Commission official to resolve discovery disputes within the proposed timelines;
- To submit all discovery requests by email to the discovery service list;
- To submit all discovery responses (including confidential responses) in 4 paper copies and one electronic copy to Staff;
- That each discovery response shall begin on a new page per question;
- That Verizon will e-mail a Protective Agreement by March 2, 2007, to all parties who wish to receive confidential information;
- That Verizon and FairPoint would establish a website for the posting of all their discovery responses, and send emails to the discovery list to alert parties to each posting as they occur; and
- That Staff would establish a link to and maintain the discovery service list on the PUC website.

Accordingly, Staff hereby requests, on behalf of all parties in Docket No. DT 07-011, a waiver of Puc 203.09, with respect to discovery timelines and related filing requirements, and that the Commission approve the above rules of procedure and the attached procedural schedule, which includes specific timelines for discovery responses, objections to discovery requests, and motions to compel discovery. Staff believes the requested waiver and proposed schedule will promote the orderly and efficient resolution of matters in this proceeding. Staff requests, as well, the designation of a Commission official to resolve discovery disputes in accordance with the proposed procedural schedule.

Sincerely,

  
Lynn Fabrizio  
Staff Attorney

Attachments  
cc: Service List

Staff Report on 2/27/07 Technical Session  
Docket No. DT 07-011  
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Attachments  
cc: Service List

## PROPOSED SCHEDULE

<b>Joint Applicants' Testimony</b>	<b>March 23</b>
<b>Rolling Data Requests</b>	<b>April 6-May 4:</b>
<b>Parties' Data Requests on Group 1</b>	<b>April 6</b>
Objections to Requests on Group 1	April 13
Motion to Compel	April 20
Response to Motion to Compel	April 25
Teleconference to Resolve Remaining Disputes on Group 1	April 27
<b>Joint Applicants' Reponses to Group 1 (Unobjected)</b>	<b>April 27</b>
<b>Joint Applicants' Reponses to Group 1 (Compelled)</b>	<b>May 4</b>
<b>Parties' Data Requests Group 2</b>	<b>April 13</b>
Objections to Requests on Group 2	April 20
Motion to Compel	April 27
Response to Motion to Compel	May 2
Teleconference to Resolve Remaining Disputes on Group 2	May 4
<b>Joint Applicants' Reponses to Group 2 (Unobjected)</b>	<b>May 4</b>
<b>Joint Applicants' Reponses to Group 2 (Compelled)</b>	<b>May 11</b>
<b>Parties' Data Requests on Group 3</b>	<b>April 20</b>
Objections to Requests on Group 3	April 27
Motion to Compel	May 4
Response to Motion to Compel	May 9
Teleconference to Resolve Remaining Disputes on Group 3	May 11
<b>Joint Applicants' Reponses to Group 3 (Unobjected)</b>	<b>May 11</b>
<b>Joint Applicants' Reponses to Group 3 (Compelled)</b>	<b>May 18</b>
<b>Parties' Data Request on Group 4</b>	<b>April 27</b>
Objections to Requests on Group 4	May 4
Motion to Compel	May 11
Response to Motion to Compel	May 16
Teleconference to Resolve Remaining Disputes on Group 4	May 18
<b>Joint Applicants' Reponses to Group 4 (Unobjected)</b>	<b>May 18</b>
<b>Joint Applicants' Reponses to Group 4 (Compelled)</b>	<b>May 25</b>
<b>Parties' Data Request on Group 5</b>	<b>May 4</b>
Objections to Requests on Group 5	May 11
Motion to Compel	May 18
Response to Motion to Compel	May 23
Teleconference to Resolve Remaining Disputes on Group 5	May 25
<b>Joint Applicants' Reponses to Group 5 (Unobjected)</b>	<b>May 25</b>
<b>Joint Applicants' Reponses to Group 5 (Compelled)</b>	<b>June 1</b>

<b>Technical Conference</b>	<b>June 4 – 6</b>
<b>Follow-Up Data Requests</b>	<b>June 11</b>
Objections	June 18
<b>Joint Applicants' Responses to Follow-Up DRs (Unobjected)</b>	<b>June 21</b>
Motions To Compel	June 25
Response to Motion to Compel	June 28
Teleconference to Resolve Remaining Disputes	July 2
<b>Joint Applicants' Responses to Follow-Up DRs (Compelled)</b>	<b>July 9</b>
<b>Staff/Intervenor Testimony</b>	<b>July 11</b>
<b>Data Requests on Staff/Intervenor</b>	<b>July 17</b>
Objections	July 24
MotionsTo Compel	July 31
<b>Staff/Intervenor Data Responses (Unobjected)</b>	<b>August 1</b>
Response to Motion to Compel	August 3
Teleconference to Resolve Remaining Disputes	August 7
<b>Staff/Intervenor Data Responses (Compelled)</b>	<b>August 14</b>
<b>Settlement Conference</b>	<b>July 24-26</b>
<b>Rebuttal Testimony</b>	<b>August 15</b>
<b>Data Requests on Rebuttal Testimony</b>	<b>August 22</b>
Objections	August 27
MotionsTo Compel	August 30
Response to Motion to Compel	September 5
Teleconference to Resolve Remaining Disputes	September 7
<b>Data Responses on Rebuttal Testimony (Unobjected)</b>	<b>September 7</b>
<b>Joint Applicants' Responses to Follow-Up DRs (Compelled)</b>	<b>September 12</b>
<b>Hearing on Merits</b>	<b>September 17-28</b>
<b>Simultaneous Briefs</b>	<b>October 12</b>
<b>Simultaneous Reply Briefs</b>	<b>October 31</b>

# Grouping of Topics

## **I. TRANSACTIONAL AND FINANCIAL ISSUES**

### **A. Transactional Issues**

1. Complete understanding of the allocation of assets, liability, capital, contracts, customer accounts and employees between Verizon and FairPoint including during the 18 month transitional period.
  - a. Business/regulatory treatment of whatever remains with Verizon
  - b. Who will own collocations
2. Complete understanding of allocation of assets, liability, capital, contracts, customer accounts and employees between regulated and unregulated subsidiaries of FairPoint.
3. Allocation of pension assets and post-retirement benefits and obligations between Verizon and FairPoint
4. Employment restrictions relating to FairPoint and Verizon personnel
5. Detailed explanation of FairPoint's projected cost savings
6. Detailed explanation of FairPoint's projected creation of additional jobs
7. Detailed explanation of FairPoint's projected capital expenditures
8. Legal, financial and regulatory implications of calling this a merger rather than a sale or transfer of assets

### **B. Financial Issues**

1. Overall financial soundness of entity emerging from merger
  - a. Capitalization
  - b. Bond ratings
  - c. Ability to attract capital for construction and maintain adequate interest coverage (in environment where landline and access minutes are decreasing)
2. Ability to meet its basic responsibilities as a local exchange carrier
3. Ability to satisfy the commitments made in merger documents and any conditions imposed by the Commission.
4. Ability to fulfill and honor existing Verizon contractual obligations
5. Ability to employ sufficient workforce to meet all operational needs in NH
6. Any plans to sell any part of the acquired VZ territory or assets
7. Any plans to change depreciation rates
8. Post-transaction corporate structure and relationship with existing FairPoint subsidiaries and affiliates and planned inter-affiliate transactions
9. Assessment of the competitive landscape in NH and the impact on the business over both the long and short term

### **C. State Regulatory**

1. Regulatory treatment which will apply to Fairpoint at closing i.e. rate of return
2. Status of Retail Tariff – Commitment to keep existing rates

## **II. TECHNICAL CAPABILITIES, CURRENT INFRASTRUCTURE AND QUALITY OF SERVICE**

### **A. Technical and Service Capabilities**

1. Technical fitness and expertise
2. Capability of supporting all levels of service
3. Capabilities on customer service issues
4. Reliance on outside vendors for services and expertise
5. Ability to manage E-911, Signaling System 7 facilities, interexchange trunk, and operator functions that Verizon operates to provide interconnection service to the ITCs, CTPs and CLECs

### **B. Current Infrastructure Issues**

1. Extent of review of existing state of Verizon plant
  - a. Resources needed to repair or improve existing plant to support basic service
  - b. Resources needed to repair or improve existing plant and deploy new plant for advanced services
2. Narrow band technology plans
  - a. maintenance
  - b. enhancement
  - c. retirement of copper plant
3. Integration of FairPoint's current properties in NH with the Verizon territory
4. Switch replacements
5. Re-homing of switches
6. Use of VoIP/packet technology
7. Addressing potential points of critical infrastructure failure
8. Quality of Service: Extent of assessment of the root causes of Verizon's service quality problems – especially relating to residential trouble reports.
  - a. Personnel resources needed to remedy the situation
  - b. Physical plant resources needed to remedy the situation
  - c. Plan to meet standards
9. Joint Ownership of Poles

### **C. Broadband and Advanced Services Deployment**

1. Extent of assessment regarding current state of broadband deployment and the costs of deploying additional broadband
2. Specific information regarding where, when, and how FairPoint will deploy broadband and the expected pricing
3. Description of areas that will not have broadband availability after the proposed construction.
4. FairPoint's intentions regarding whether to treat broadband as "regulated" service under FCC rules
5. Ability and willingness of FairPoint to offer latest, cutting edge technologies and services
6. Deployment of fiber
7. Where FIOS is installed, how it will be used and maintained
8. Availability of broadband to wholesale customers

### III. WHOLESALE AND BACK OFFICE SYSTEMS

#### A. Wholesale/Interconnection Issues

1. Section 251 obligations
  - a. FairPoint's status as an ILEC
  - b. UNE rates
  - c. PAP
2. Section 271 obligations
  - a. FairPoint's status as an RBOC
3. Wholesale tariff obligations
4. Federal litigation on wholesale tariff
5. Interconnection agreement issues
  - a. CLECs
  - b. ITCs
  - c. Cellular companies
7. Commercial agreements
8. Non-impaired wire centers – treatment of MCI collocations
9. Volume commitments for carriers operating in Verizon states  
--will FairPoint circuits count toward Verizon volume commitments in other states?
10. Tandem transit services at UNE rates
11. Given lack of experience on wholesale issues:
  - a. Management structure and personnel
  - b. Wholesale workforce and personnel
  - c. Financial resources
  - d. Expertise
12. Provisioning and repair workforce and staffing levels
13. Service level agreements
14. Repeat chronic troubles
15. "No facilities" rejections
16. Willingness to provide access to UNEs not required by federal law
17. Maintaining existing product sets

#### B. Back Office Systems

1. Wholesale interfaces
  - a. Pre-order, ordering
  - b. Provisioning
  - c. Trouble tickets
  - d. CABS
  - e. TIRKS
  - f. Electronic and/or web interfaces
2. General Back Office System Questions
  - a. Need/desire to build new systems
  - b. Ability to carve out or adopt old systems
  - c. Need for CLECs/ITCs to build new systems to interact with new company; who will pay for new systems (CLECs? FairPoint?)

- d. Transition issues
  - i. How will transition be managed
  - ii. Who will CLECs interact with
  - iii. Who bears costs for transition
- f. Account reps and centers – location and staffing
- 2. Retail back office systems (billing, CABS, Directory and ordering), Operational/infrastructure back office systems – repair, TIRKS
  - a. Ability to develop and manage back office systems
  - b. Cost of developing new systems

#### **IV. UNIVERSAL SERVICE, INTERCARRIER COMPENSATION AND FEDERAL REGULATORY ISSUES**

##### **A. Universal Service and Intercarrier Compensation Issues**

- 1. Whether the surviving entity be considered a “rural” or “non-rural” company for (a) § 251 purposes? (b) § 254 purposes? (See 47 U.S.C. 153(37))
- 2. Whether the transaction is considered a sale for 47 C.F.R. § 54.305 (the “parent trap”) purposes
  - a. Will 54.305 apply if there is not a pure “sale” but a merger?
  - b. What about the fact that an entire study area is being sold/merged?
- 3. Qualification for safety value/safety net funds at FairPoint’s projected investment levels
- 4. Whether FairPoint will file its own access charges or stay in NECA
  - a. The impact of that decision on rates and services, particularly for xDSL and intrastate access.
- 5. Intercarrier compensation ramifications of the acquisition
  - a. Which “track” FairPoint would be on under the proposed Missoula Plan?
  - b. How will that impact FairPoint’s revenues?
- 6. Lifeline and Linkup
- 7. Plans to offer soft dial tone
- 8. Plans to seek exemptions under the “2% rule” in § 251(f)(2)

##### **B. Federal regulatory Issues**

- 1. Will FairPoint be a rate of return carrier or a “price cap carrier” under federal rules, and what impact will that have on operations in NH? Any impact on other states?

#### **V. OTHER ISSUES**

##### **A. Management**

- 1. Impact of Verizon’s control on the Board of Directors on day-to-day management of the company
- 2. Whether the design of the management service functions will result in NH customers paying a greater portion of their rates for management services rather than deployment of advanced services.

##### **B. E-911**

- 1. Whether FairPoint will assume the E911 contract

- a. E911 database is in MA – how will this be addressed before state takes over database?
- b. E911 system monitoring is done in MA – how will this be addressed?

**C. Payphones**

- 1. Will Fairpoint assume all Verizon payphones in NH and maintain them
- 2. Will Fairpoint maintain the public interest payphone in Acworth

**D. Pole Attachments**

**E. Other Issues not covered above**